

Memo of Record
Budget and Finance Policy Group
Council on Postsecondary Education
November 30, 2005

The Budget and Finance Policy Group, a committee of the Council on Postsecondary Education, met November 30, 2005, at 2:00 p.m. at the Council offices, Frankfort, Kentucky. Mr. Charlie Owen presided over the meeting.

Policy group members present: Mr. Walter Baker, Mr. Dan Flanagan, Ms. Alois Moore, Mr. Charlie Owen, Mr. Ryan Quarles, and Ms. Joan Taylor. Other Council members present: Mr. John Turner.

Policy group members absent: Mr. Ron Greenberg.

Introductory remarks

Welcoming remarks by Dr. Tom Layzell, CPE president, and Mr. Charlie Owen. The long-term research agenda was discussed. University of Kentucky President Lee Todd and University of Louisville President James Ramsey participated in the discussion.

Mr. Owen stated that the purpose for the discussion is to look at education reform and where postsecondary education is after ten years since HB 1 was passed. The goals set for the research universities included the University of Kentucky to become a top 20 research university by 2020 and for the University of Louisville to become a premier, nationally recognized metropolitan research university.

Mr. Owen also stated that the reason for the discussion is that the Council is collecting minimal data and that the data is not sufficient to really assess where postsecondary education is in regard to meeting the goals of HB 1.

Dr. Todd presented information on the status of the University of Kentucky. He also mentioned that the university's top 20 business plan would be released later in the week and indicated that he would like to come back and discuss the plan with the policy group.

Dr. Todd stated that a university taskforce produced a list of six areas in the medical field and eight areas on the main campus that became the focus of Bucks for Brains money. Mr. Owen asked for that list to be sent to the Council. He also asked that the list of the 14 areas be broken down based on chairs, professors, and fellowships devoted by area of focus and the dollars that went into each of the areas.

Mr. Owen asked how much of the royalties a researcher receives from a patent when using state funds and facilities. Dr. Todd responded that the researcher receives 40 percent of the royalties and the department gets 10-15 percent. Mr. Owen asked how much is retained by the

university. Dr. Todd responded somewhere around 50 percent. He offered to share the university's distribution policy with policy group members.

Dr. Todd stated that he would support creation of a patent licensing office, a state agency located close to a university campus. Mr. Owen asked Dr. Todd to put together a paper on the concept of a patent licensing office and share it with the Council staff.

Regarding top 20 status, Mr. John Turner stated that it is important to fund the areas where an institution currently has critical mass. Dr. Todd stated that he will look at the data. He also stated that the University of Kentucky has eight of its basic sciences areas in the top 20. Mr. Owen requested Dr. Todd provide a list of university departments and identify which are in the top 20.

Mr. Walter Baker asked how significant the trust funds and their utilization have been in attracting federal dollars to the university. Dr. Todd responded "absolutely vital."

Dr. Todd stated that the university currently has four research buildings it would like to construct – a pharmacy building, a biological medical building, a digital village, and a chemistry/physics building. Mr. Owen asked the scope for those four buildings. Dr. Todd responded around \$300 million. Mr. Owen mentioned the capital needs study that the Council is currently undertaking.

Dr. Ramsey stated that in his opinion HB 1/Bucks for Brains has been the most important thing to happen to the University of Louisville.

Dr. Ramsey said that the UofL plan to become a preeminent metropolitan research university was developed in 1998. That plan was called the Challenge for Excellence. The university has extended the plan to be in alignment with the Public Agenda and the campus action plan. Mr. Owen asked the plan be shared with the Council.

Mr. Owen and Dr. Ramsey agreed that both the Council and the university need to do a better job telling the story of the successes of HB 1 and Bucks for Brains.

Dr. Ramsey mentioned a business plan showing how much the university will need to spend in each year in order to reach its goal by 2010. Dr. Layzell said that the university is half-way to the 2010 goal. Mr. Owen stated he would like to see the business plan.

Mr. Baker stated that he appreciated the catalytic effect the university and medical school have had on healthcare and making those

resources available to Glasgow and surrounding areas.

Ms. Joan Taylor stated that she appreciated what the university is doing in the recruitment of minority teachers.

Ms. Alois Moore asked Dr. Ramsey his opinion on having a state-supported patent licensing office. Dr. Ramsey responded that he needed to think about it more and talk to some of the technology transfer people on campus before deciding one way or the other. He did say that critical mass is important and that it is a problem at UofL.

Mr. Turner stated that it would be good for the policy group to have a meeting at the university health sciences building.

Mr. Owen thanked Dr. Todd and Dr. Ramsey for their participation in the discussion.

Mr. Owen summarized the additions to a paper that he wrote on higher education finance regarding funding for base operations, incentive funding, and capital funding over the past ten years.

Adjournment

The meeting adjourned at 4:10 p.m.

Sandra K. Woodley
Vice President, Finance

Tammie L. Clements
Executive Secretary, Finance